(Please write your Exam Roll No.) Exam Roll No. ....

END TERM EXAMINATION

FIFTH SEMESTER [BBA] DECEMBER-2010

Paper Code: BBA/TTM309	Subject: Financial Management

Time : 3 Hours	Maximum Marks : 75

Note: Attempt any five questions including Q. 1 which is compulsory. Select one question from each unit.

Q1. Explain briefly **any five** of the following **(3x5) =15**

(a) Loan Syndication
(b) Decision Tree
(c) Capital Rationing
(d) P/E Ratio
(e) Concentration Banking
(f) Explicit cost of capital
(g) Economic Order Quantity

UNIT-I

Q.2 What are the major types of financial management decision that business firm make. Describe briefly each one of them and highlight the inter-relationship among these decisions. **(15)**

Q.3 Explain the long term and short term sources of raising finance. **(15)**

UNIT-II

Q.4 "The best way to value equity share is that based on dividends." Examine this statement. How would you value a share on which on dividend is being paid? **(15)**

Q.5 The following information is available from the balance sheet of a company **(15)**

Equity share capital (8000 share of Rs 100 each)	800,000
12% Debenture	800,000
18% term loan	24, 00,000
	40, 00,000

Determine the weighted average cost of capital of the company. It had been paying dividends at a rate of Rs 20 per share (g=0). Income tax rate is 40 per cent.

UNIT-III

Q.6 What is NPV? How is it different from IRR? **(15)**

Q.7 A project required an initial outlay of Rs. 20,000. It generates year ending profits of Rs. 12,000, Rs. 6000, Rs. 4000, Rs. 10,000 and Rs. 10,000 from the end of the first year to the end of the fifth year. The required rate of return is 10% and pays tax at 50% rate. The project has

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a life of 5 years and is depreciated on straight line method basis. Assume that the above year ending profits are before depreciation and tax. You are required to compute: **(15)**

(i) Pay back period
(ii) Average rate of return
(iii) Net present value

UNIT-IV

Q.8 What is the importance of working capital management for a manufacturing firm? Describe the factors that affect working capital requirement of a company? **(15)**

Q.9 The finance department of a company provides the following information
(i) The carrying cost per unit of inventory are Rs.10 **(15)**
(ii) The fixed cost per order are Rs.20
(iii) The number of units required is 30,000 per year.
Determine the economic order quantity (EOQ), total number of order in a year and the time gap between two orders.

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